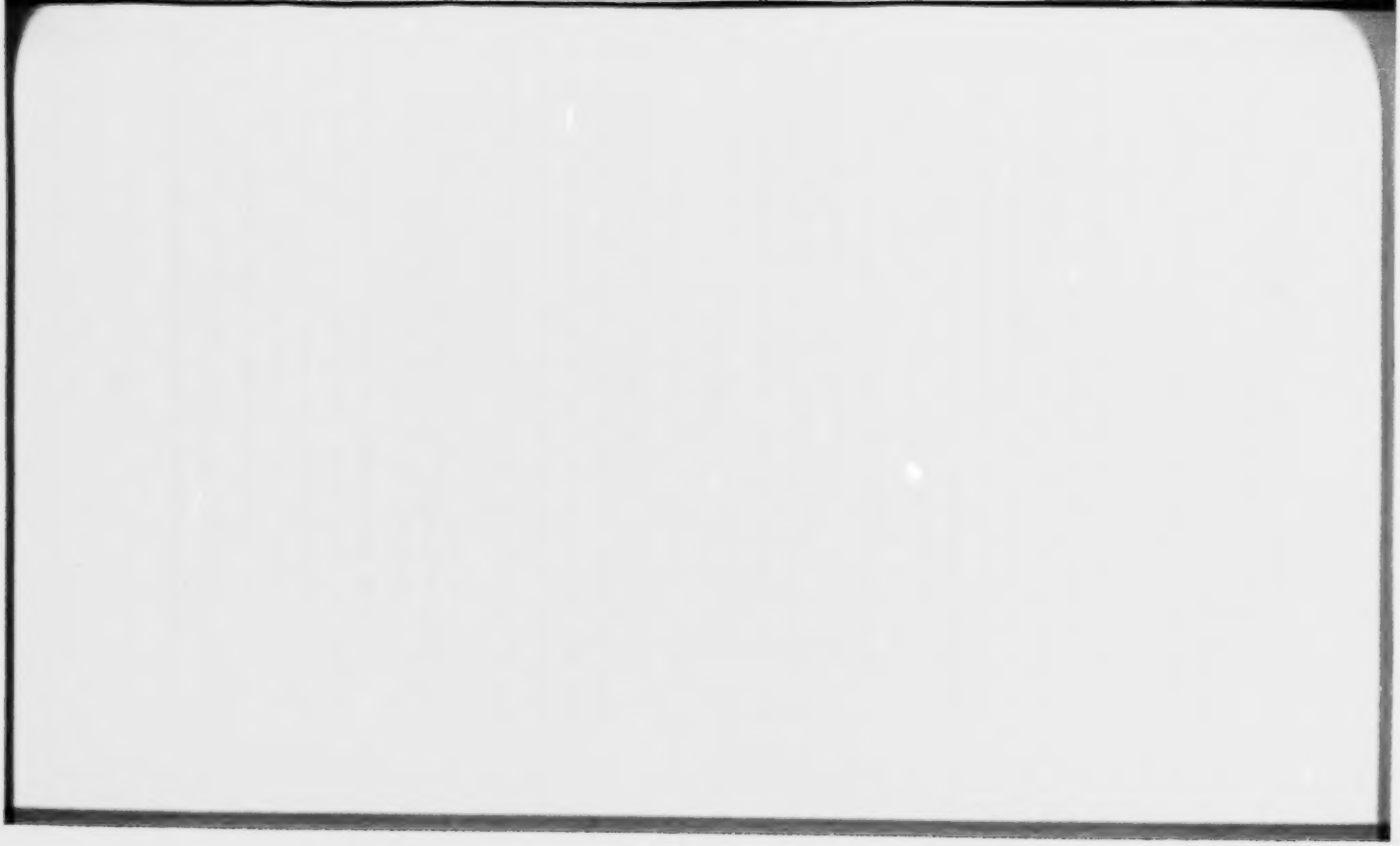

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1949.

No. 331

BERNARD EDWARD CO.,

Petitioner,

vs.

DOUGLASS R. FALKENBERG,

Respondent.

REPLY BRIEF FOR PETITIONER.

WILL FREEMAN,
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Chicago, Illinois,
October 20, 1949.

THE BUNTHORP-WARREN PRINTING COMPANY, 810 WEST JACKSON, CHICAGO

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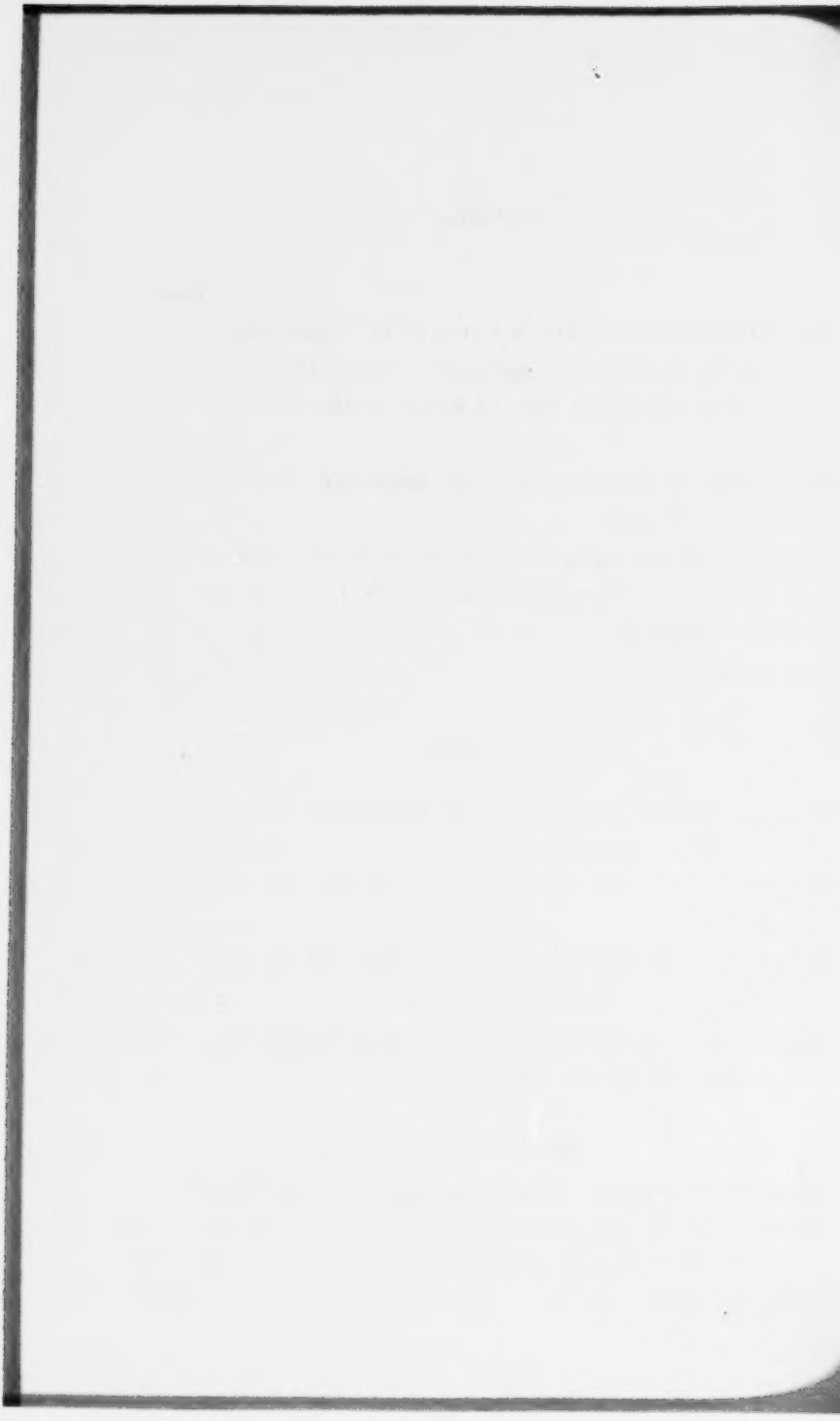

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REPLY BRIEF FOR PETITIONERS.

Petitioner's original brief anticipated many of the arguments presented in Respondent's brief. The following points are in answer to parts of Respondent's brief not fully taken up in Petitioner's original brief.

1. The drapery bracket of combination Claim 15 of Falkenberg Patent No. 2,409,425 is an "unpatented" part and the patent is misused by Respondent under the authorities cited in the Petitioner's original brief.

2. Even if the drapery bracket of Claim 15 is a new or patented part, that has no effect under the authorities as to misuse of the Falkenberg patent in suit, particularly in view of the fact that Kirsh Company is a licensee under the patent.

3. The claims of a patent are each for a separate monopoly and should be separately considered as to whether

the conduct of the Respondent with respect thereto is in violation of the Anti-Trust Laws.

4. Chart 1 in Petitioner's main brief, between pages 28 and 29 thereof, is proper and is illustrative of the result of the decision of the Court of Appeals for the Seventh Circuit, which gave the Falkenberg patent the status of a "pioneer" patent and now precludes manufacturers from selling, and the purchasing public from mounting, drapery brackets having supporting fingers, at an angle on a window frame, even though the brackets are the subject matter of an expired patent.

Point One.

Respondent and the Court of Appeals for the Seventh Circuit have both made a grave error in assuming, without any basis of fact, that the

> "bracket referred to in Claim 15 is a patented article" (Respondent's brief, page 3).

It is of utmost importance to fully understand that a different bracket is patented in Claim 14 than the bracket which is part of the combination in Claim 15.

Claims 14 and 15 are again reproduced herebelow for the convenience of the Court.

14.

> A mounting forming one of a plurality of similar hangers for the decorative hanging of draperies, comprising a body having a succession of spaced slots intersecting the periphery thereof and forming passages for successively folded portions of the drapery material, the body being further formed with chambers which are continuations of the respective slots and provide for adjustable take-up of the drapery material, the body being formed with an extension serving to support the material exteriorly of the body proper.

15.

In drapery mountings, the combination with a support, of a pair of hangers secured to the support and inclined toward each other, the hangers being formed with chambers having spaced open-ended entrances for the sliding passage into the chambers of folded drapery material whereby there is provided by the chambers a flexible accommodation for material to facilitate selective decorative dependent draping of the material from the hangers.

It will be noted that the bracket patented in Claim 14 includes

> "the body being formed with an extension serving to support the material exteriorly of the body proper."

The bracket which is claimed as part of Claim 15 does not include the extension.

Furthermore, Claim ~~15~~ 14 includes

> "a body having a succession of spaced slots intersecting the periphery thereof"

and also includes

> "chambers which are continuations of the respective slots."

None of these elements are found in Claim 15. Therefore, as far as this suit is concerned, in which only Claims 14 and 15 are in issue, *Falkenberg has no patent on the hangers which are claimed as part of the combination of Claim 15.*

As a matter of fact, there is no claim in the entire Falkenberg patent which corresponds identically with the hangers claimed as part of Claim 15. While that fact is perhaps not relevant to this controversy, it shows clearly that the hangers recited in Claim 15, in combination with a support, are "unpatented." As stated in the case of

Mercoid Corporation v. *Mid-Continent Inv. Co.*,
320 U. S. 661, 667,

> "Since none of the separate elements of the combination is claimed as the invention, none of them when dealt with separately is protected by the patent monopoly."

Respondent, in his brief, page 7, also quotes this part of the *Mercoid* case, and then states, to distinguish therefrom,

> "Respondent *has a claim* to one element of his combination Claim 15."

That statement by Respondent is in error.

Another point on which Respondent attempts to distinguish the *Mercoid* case is that the part upon which royalties were collected was an unpatented part. There is no such point of distinction in the *Mercoid* case and the present case. The part on which this suit was brought and upon which Respondent licenses the Kirsh Company, is an unpatented part, because no other claim, including Claim 14, covers the bracket if constructed in accordance with Claim 15. The Kirsh Company is admittedly a licensee of Respondent. Respondent's brief, page 6, states

> "* * * neither respondent nor his licensee has any dealings in, or exercises any control over, any type of support, * * *."

Therefore, as to Claim 15, Respondent is doing exactly the same acts with respect to the granting of a license on an unpatented part that Honeywell did in the *Mercoid* case, insofar as Claim 15 is concerned.

Respondent also states on page 3 of his brief, that if he had elected to rely on Claim 14 only, then the merits of Claim 15 would not be open for discussion. Obviously, Respondent never considered that Petitioner was guilty of anything more than contributory infringement of Claim 15 as shown by his Complaint (R. 3). The fact is, however, that Respondent did bring suit on combination Claim 15, has granted a license including combination Claim 15

and is using combination Claim 15 as a club over the public to control the business in an unpatented bracket. What in fact Respondent is now doing is relying on Claim 14 to cover his sins with respect to Claim 15.

The Court below and the Respondent also have distinguished the *Mercoid* doctrine from the case at issue by stating that there is no tie-in between Respondent or its licensee Kirsh with any particular type of window frame. In the *Mercoid* cases there was no tie-in between Honeywell or its licensee with any particular type of furnace in which the switches were installed. It is not necessary that there be any such tie-in to establish misuse. The acts of Respondent and Honeywell are identical for all practical purposes, except the Respondent's licensee gives the purchaser an implied license whereas Honeywell's licensees gave the purchaser an express license.

Respondent's conduct clearly shows that he is attempting to protect his and his licensee's business in an unpatented part. We reiterate that the language of Claim 14 would have to be identical with the language covering the bracket of Claim 15 for the bracket of Claim 15 to *be a patented part.*

Point Two.

When the owner of a combination claim in a patent attempts to control something outside of the scope of the monopoly of the combination claim, it makes no difference whether the article outside of the scope of the claim is new or old, is a staple or a special one, is patented or unpatented. When Courts use the word "unpatented" in discussing combination claims, *they mean that the part is unpatented insofar as that claim under consideration is concerned.* Again referring to the case of

Mercoid Corporation v. *Mid-Continent Inv. Co.*,
320 U. S. 661, 667, 668,

this Court stated:

> "Since none of the separate elements of the combination is claimed as the invention, none of them when dealt with separately is protected by the patent monopoly. * * * Whether the parts are *new or old* the combination is the invention and it is distinct from any of them." (Emphasis ours throughout.)

Likewise, the case of

> *Philad Co.* v. *Lechler Laboratories, Inc.*, 107 F. (2d) 747, 748, 749 (C. A. 2d, 1939),

is authority for the proposition that a *patented* article outside of the combination, even when the patents are owned by the same patent owner, is an *unpatented* part with respect to the combination, and does not excuse misuse. The case states as follows:

> "It is urged that the rule of the *Carbice* case covers only an effort of a patentee to control the use of staple materials, carbon dioxide in the *Carbice* case, bituminous emulsion in the *Leitch* case, and that the hair waving devices in the present cases are not staples. There is no support for any such limitation on the rule. In both the *Carbice* case and the *Leitch* case the emphasis was on the fact that the articles handled *by the alleged contributory infringers were not covered by the patent,* and on the further fact that the patentee by his method of doing business *was using his patent as if it did cover such articles.* Another asserted distinction is that the Philad Company has patents on the appliances as well as on the process and that the manufacturers are licensed under such patents. *The suits are not for infringement of any such patents, and for present purposes the appliances are to be taken as unpatented.* * * *"

Petitioner's contention is supported by an article of Adolph Charles Hugin, in Volume XXX, Number 8, August 1948, Journal of the Patent Office Society, entitled "Intellectual Property Protection and the Anti-Trust Laws." The article on pages 612, 613 states:

> "It is, however, a misuse at present to grant a license under a combination patent only on condition that such an unpatented element of the combination be purchased from the licensor.[140] This has been extended to hold that a grant of a license or lease of rights under a patent cannot legally be made dependent on the lease or purchase of other equipment or goods from the licensor or lessor, *whether the other equipment be patented or unpatented.*[141]

Kirsh's license under Claim 15 is dependent on Kirsh purchasing "other equipment or goods" (brackets) from Respondent and, as Hugin states, that is illegal, whether such goods are patented or unpatented.

There would be no doubt, in view of the authority by this Court in the case of

> *Keystone Driller Co.* v. *General Excavator Co.*, 290 U. S. 240,

that if the combination claims were in a separate patent from the article claims (as frequently occurs) the combination patent would be misused, because it is a *per se* violation of the Anti-Trust Laws, and the patent on the article would fall with the patent on the combination. The fact that the claims are in the same patent should, if anything, make the article claim less enforceable, particularly when the bracket which is recited in the combination is an unpatented part.

It is, therefore, clear that Courts when speaking of "unpatented" parts in combination claims, are many times referring to the part as unpatented with respect to the

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[140] *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 64 Sup. Ct. 268 (1944); *Mercoid Corp.* v. *Minneapolis-Honey-Well Reg. Co.*, 320 U. S. 680, 64 Sup. Ct. 278 (1944); and *Landis Mach. Co.* v. *Chaso Tool Co.*, 141 F. (2d) 800 (C. C. A. 6th, 1944), cert. den. 323 U. S. 720, 65 Sup. Ct. 52 (1944).

[141] *United States* v. *United Shoe Machinery Co.*, 247 U. S. 32, 38 Sup. Ct. 473 (1918); and *United Shoe Machinery Co.* v. *United States*, 258 U. S. 451, 42 Sup. Ct. 363 (1922).

combination called for in the claim then being considered. Further, even if the part is the subject matter of another claim owned by the same patent owner, the combination claim is nevertheless being misused.

Point Three.

It is believed necessary to reiterate the fact that the authorities cited in Petitioner's original brief clearly hold that the claims of a patent are each for a separate monopoly and should be separately considered, not only with respect to validity and infringement, but also with respect to misuse. Respondent, in his brief on page 6, discusses the case of

Sanitary District of Chicago v. *Activated Sludge, Inc.*, 90 F. (2d) 727 (C. C. A. 7th, 1937).

Respondent takes the position that claims should be considered *separately* on questions of validity and infringement as all Courts have done, but Respondent wants them considered *together on the question of misuse.* It is urged that Respondent is in error, particularly when the bracket of the combination Claim 15 is unpatented, because it is not covered by the article Claim 14.

Point Four.

Little further discussion of this point is required, as the answer to any criticism of Chart 1 is contained in item 4 of this brief on page 2. Such a chart would have been rather meaningless, until the Court of Appeals for the Seventh Circuit gave the patent in suit the status of a pioneer invention. That Court held, in effect, that Falkenberg made a pioneer invention when he suggested placing a pair of drapery hangers at the top corners of a window frame inclined toward each other. Attention is

also directed to the fact that neither Claim 14 or 15 recite disposition of the hangers on a window frame at the top corners thereof.

Conclusion.

Petitioner submits that the arguments presented on behalf of the Respondent fall short of supporting the judgment of the Court of Appeals for the Seventh Circuit. The decision of the Court of Appeals for the Seventh Circuit should be reversed. Certiorari should be granted.

Respectfully submitted,

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Chicago, Illinois,
October 20, 1949.